

Message Text

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PAGE 01 IAEA V 05617 01 OF 02 251119Z

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UNCLAS SECTION 1 OF 2 IAEA VIENNA 5617

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TAGS: AORG, AFIN, IAEA

SUBJECT: IAEA BOARD OF GOVERNORS - PROGRAM FOR
1975-80 AND BUDGET FOR 1975

REF: STATE 118150

1. SUMMARY: BOARD ADOPTED PROPOSED PROGRAM AND BUDGET SUBSTANTIALLY AS RECOMMENDED BY A&B COMMITTEE, WITH EXCEPTION OF ANNEX DESCRIBING PROPOSED POWER REACTOR SAFETY STANDARDS ACTIVITY WHICH WAS DELETED FOR LATER DISCUSSION. BOARD ALSO RECOMMENDED THAT TARGET FOR VOLUNTARY CONTRIBUTIONS FOR 1975 BE SET AT \$4.5 MILLION; US AND DENMARK EXPLICITLY RESERVED POSITIONS ON LATTER ITEM. EXPANSIONS OF AGENCY PROGRAMS RELATED TO INTRODUCTION OF NUCLEAR POWER IN LDC'S WERE PRAISED, ALTHOUGH SOME REPS QUESTIONED FEASIBILITY OF IMPLEMENTING SUCH RAPID PROGRAM EXPANSION. INDIA AND INDONESIA AGAIN QUESTIONED SAFEGUARDS FINANCING, ESPECIALLY RELATED TO US OFFER. END SUMMARY.

2. DG BEGAN CONSIDERATION OF AGENDA ITEM 4 WITH LONG STATEMENT REVIEWING AGENCY'S PROGRAM AND BUDGETARY
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PAGE 02 IAEA V 05617 01 OF 02 251119Z

SITUATION, INCLUDING, INTER ALIA, FOLLOWING POINTS:

A) DOCUMENT GOV/1656/MOD.1 REFLECTED REQUESTS OF A&B COMMITTEE FOR EXPANSIONS IN PARTS OF NUCLEAR POWER, NUCLEAR SAFETY AND ENVIRONMENTAL PROTECTION AND TRAINING PROGRAMS AND CERTAIN CUTS IN OTHER PROGRAMS. ERA OF CHEAP OIL-BASED ENERGY HAD ENDED, AND AGENCY MUST EXPAND ITS PROGRAMS TO AID IN MORE RAPID DEVELOPMENT OF ALTERNATIVE SOURCES. ALSO, IN VIEW RAPID INCREASES IN NUMBER OF NUCLEAR POWER PLANTS, THERE WAS CLEAR NEED FOR CONSISTENT SET OF STANDARDS AND CRITERIA FOR POWER REACTOR SAFETY AND RELIABILITY, AND AGENCY PROGRAM EXPANSION INCLUDED ACTIONS TO THIS END. AGENCY PLANS IN THIS AREA HAD BEEN CALLED TO ATTENTION OF IBRD AND UNEP IN ATTEMPT ELICIT ADDITIONAL SUPPORT.

B) REGARDING EFFECT OF INFLATION AND CURRENCY REALIGNMENTS ON PROVISION OF TA, RECENT STUDY BY UNDP SHOWED 45 PERCENT INCREASE IN COSTS IN PERIOD 1965-1972, WITH ANNUAL AVERAGE INCREASE OF 6.5 PERCENT 1970-72. COSTS IN 1973 WERE RISING AT ANNUAL RATE OF 8-9 PERCENT AND AGENCY WAS ASSUMING RATE OF 10 PER CENT FOR 1974.

C) SAFEGUARDS PROGRAM DRAFTED ON ASSUMPTION THAT EURATOM AGREEMENT SAFEGUARDS WOULD BE IMPLEMENTED AT FULL SCALE IN 1975. NPT REVIEW CONFERENCE COULD ALSO HAVE REPERCUSSIONS ON SAFEGUARDS PROGRAM.

D) SUBSEQUENT TO ISSUANCE OF GOV/INF/273, UNEP HAD APPROVED ALLOCATION OF \$120,000 OVER THREE AND A HALF YEARS IN SUPPORT OF STUDIES OF MEASURES IN INTERNATIONAL COOPERATION IN LONG-TERM MANAGEMENT OF HIGH-LEVEL AND ALPHA-EMITTING RADIOACTIVE WASTES. DG INTENDED KEEP BOARD INFORMED FROM TIME TO TIME ON STATUS OF COOPERATION WITH UNEP.

E) SINCE A&B COMMITTEE MET, INITIAL BUDGET ESTIMATES HAD BEEN REDUCED BY \$339,000 AND FIRST ESTIMATES (CONTAINED DOCUMENT GOV/COM.9/96) OF PROGRAM EXPANSION RELATED TO INTRODUCTION OF NUCLEAR POWER IN LDC'S HAD BEEN REDUCED BY \$96,000, ALSO, \$150,000 HAD BEEN PROVIDED FOR PLANNED SAFETY STANDARDS AND CRITERIA PROGRAM. HE RECAPITULATED RATIONALE FOR INCLUSION OF APPROPRIATION FOR ADJUSTMENT OF PROGRAM COST ESTIMATES IN AMOUNT OF \$2.8 MILLION, TO BE UTILIZED, AS IN 1974, ONLY WITH PRIOR BOARD APPROVAL AND ONLY FOR PURPOSE OF UNCLASSIFIED

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PAGE 03 IAEA V 05617 01 OF 02 251119Z

COMPENSATING FOR CHANGES IN CURRENCY EXCHANGE RATES. F) CHANGED SITUATION IN NUCLEAR ENERGY, INCLUDING QUESTIONS OF SAFETY AND ENVIRONMENTAL PROTECTION, HAD PROMPTED REAPPRAISALS IN NUMBER OF MEMBER STATES WHICH MIGHT INDICATE NEED FOR RECONSIDERATION OF AGENCY ORGANIZATION IN THESE AREAS, AS HE HAD INTIMATED TO 1973 GC. MATTER HAD BEEN PUT ASIDE UNTIL PROGRAM IN FINAL FORM, BUT WOULD BE TAKEN UP AGAIN, PROBABLY

IN WIDER CONTEXT, LATER IN 1974.

G) EXPANSIONS OF ACTIVITIES RELATED TO NUCLEAR POWER MIGHT MARK OCCASION FOR COMPLETE REVIEW OF ALL PROMOTIONAL ACTIVITIES TO DEFINE PRIORITY TASKS AND OTHER ACTIVITIES WHICH MIGHT BE PUT ASIDE OR TAKEN OVER BY OTHER ORGANIZATIONS. HE INTENDED CONSULT SAC ON THIS MATTER, AND COMMENTS FROM GOVERNORS WOULD ALSO BE HELPFUL.

H) FOR OVER A DECADE, SECRETARIAT HAD ARRANGED LECTURES OR PANELS IN COOPERATION WITH ANNUAL GC SESSIONS AND EVEN IF GC RULES AND PROCEDURES SIMPLIFIED HE CONSIDERED IT DESIRABLE TO HOLD AT LEAST ONE MEETING ON TECHNICAL SUBJECT OF CURRENT INTEREST. WHO DEVOTED TIME AT EACH ASSEMBLY SESSION TO TECHNICAL DISCUSSION, TOPECS AND CHAIRMAN FOR WHICH WERE CHOSEN AT PREVIOUS ASSEMBLY; AGENCY MIGHT CONSIDER ADOPTING SIMILAR PROCEDURE IN FUTURE.

3. FOLLOWING DG'S INTRODUCTION, GENERAL DISCUSSION OF PROGRAMS AND BUDGET INCLUDED COMMENTS ON FOLLOWING SUBJECTS:

A. PROGRAM EXPANSIONS RELATED TO NUCLEAR POWER (GOV/1656/MOD.1, IAEA VIENNA 4831): SEPTEL REPORTS INFORMAL DISCUSSIONS WHICH RESULTED IN MODIFICATION OF PROGRAM LANGUAGE DEALING WITH POWER REACTOR SAFETY STANDARDS AND CRITERIA AND DELETING ANNEX DESCRIBING THIS ACTIVITY. OTHER ASPECTS OF PROGRAM EXPANSIONS RECEIVED GENERAL SUPPORT FROM GOVERNORS, SUBJECT TO SOME COMMENTS (MOSTLY BY DEVELOPED WE'S AND, TO SOME EXTENT, BY INDIA) ABOUT REQUIREMENT FOR CORRESPONDING REDUCTIONS ELSEWHERE IN PROGRAM AND SOME QUESTIONS(E.G., FROM FRG) AS TO FEASIBILITY OF IMPLEMENTING SUCH LARGE PROGRAM EXPANSION IN SINGLE YEAR. AUSTRALIA SAID WORK THESE AREAS SHOULD BE CAREFULLY COORDINATED WITH OTHER ORGANIZATIONS, E.G.,
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 IAEA V 05617 01 OF 02 251119Z

OECD/NEA, EURATOM. JAPAN WAS EXAMINING COOPERATION IN PLANNED TRAINING ACTIVITIES AND WOULD MAKE FINAL DECISION WHEN COMPLETE CURRICULA AVAILABLE; SHE ALSO WOULD ACTIVELY SUPPORT SAFETY STANDARDS ACTIVITIES BUT REQUESTED SECRETARIAT TO ELABORATE ON PROJECTED EXTRA-BUDGETARY SUPPORT. FRG WOULD COLLABORATE ACTIVELY IN TRAINING ACTIVITIES BY PROVIDING CONSULTANT SERVICES FOR ELABORATION OF CURRICULA AND ALSO TRAINING FACILITIES AT KARLSRUHE. USSR SPECIFICALLY SUPPORTED PROGRAMS INVOLVING EXPANDED ACTIVITIES. CZECHOSLOVAKIA URGED MORE ATTENTION TO MULTIPURPOSE UTILIZATION OF NUCLEAR ENERGY, AND HAD SPECIAL INTEREST IN PROBLEM OF SITING NUCLEAR PLANTS IN POPULATED AREAS FOR DOUBLE USE AS DISTRICT

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PAGE 01 IAEA V 05617 02 OF 02 251131Z

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ACTION IO-14

INFO OCT-01 ISO-00 ABF-01 OMB-01 TRSE-00 OIC-04 L-03 H-03

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SCI-06 SP-03 SS-20 AF-10 ARA-16 EA-11 EUR-25 NEA-14

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UNCLAS SECTION 2 OF 2 IAEA VIENNA 5617

HEATING PLANTS; ALSO, PROGRAM ON RADIATION PROTECTION SHOULD NOT PLACE UNDUE EMPHASIS ON INTERNATIONAL WASTE DISPOSAL SITES OR SEA DISPOSAL, BUT SHOULD CONCENTRATE ON COMPREHENSIVE EVALUATION OF EFFECTS OF NUCLEAR PLANTS ON BIOSPHERE, ESPECIALLY EFFECTS OF HEAT RELEASES AND RADIOACTIVITY, AND ON SAFE LONG-TERM STORAGE OF HIGH-LEVEL WASTES. US MADE STATEMENT AUTHORIZED REFTTEL REGARDING US SUPPORT OF SAFETY STANDARDS AND TRAINING ACTIVITIES.

B. SAVINGS AND/OR ECONOMIES, FORM AND PRESENTATION:
NUMBER OF DELS (E.G., AUSTRALIA, CANADA, UK) COMMENDED REDUCTIONS IN ESTIMATES SINCE A&B COMMITTEE, AND SOME (E.G., FRANCE, ITALY) FELT THAT PROCESS SHOULD BE CARRIED FURTHER YET; FRANCE STATED IT UNABLE SUPPORT BUDGET WHOSE REAL GROWTH ALMOST TWICE WHAT IT REGARDED AS ACCEPTABLE WITHOUT FURTHER REDUCTIONS IN ESTIMATES. NUMBER OF DELS OF ALL GROUPS (E.G., GHANA, FRG) FELT THAT PROGRAM BUDGET SHOULD CONTAIN BETTER JUSTIFICATION FOR ANY CHANGES IN AUTHORIZED MANNING TABLE. AUSTRALIA SUGGESTED THAT AGENCY REDUCE ITS INVOLVEMENT IN TRIESTE CENTER, WHICH IT FELT ONLY marginally RELEVANT TO AGENCY'S STATUTORY ROLE. FRG COMMENDED REDUCTION IN NUMBER OF PROGRAM COMPONENTS AND REQUESTED ESTIMATE OF SAVINGS THEREFROM. DENMARK SUPPORTED BUDGET DESPITE NATIONAL POSITION IN FAVOR OF ECONOMY SINCE PROGRAM WAS AIMED AT RELIEVING PRESSURE ON CON-

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PAGE 02 IAEA V 05617 02 OF 02 251131Z

VENTIONAL ENERGY SOURCES. USSR AND EE'S MADE USUAL STATEMENTS REGARDING EXCESSIVE STAFF COSTS, AND URGING THAT SOME MEANS OTHER THAN ASSESSMENT ON MEMBERS BE FOUND TO COMPENSATE FOR EFFECTS CURRENCY FLUCTUATIONS. USSR ALSO SUGGESTED THAT DG SHOULD REPORT TO BOARD ANNUALLY ON AGENCY PROGRESS IN FULFILLING PROGRAM, AND BOARD COULD THEN OFFER ADVICE OR TAKE CORRECTIVE ACTION IF REQUIRED.

C. SAFEGUARDS: NUMBER OF LDC'S REPEATED FAMILIAR POSITIONS THAT SAFEGUARDS WERE GROWING OUT OF PROPORTION TO TA, AND STRESSING GREATER INTEREST OF LDC'S IN LATTER THAN IN FORMER. AUSTRALIAN FELT THAT TA SHOULD BE BACKED UP BY ADEQUATE SAFEGUARDS ARRANGEMENTS. USSR CALLED SAFEGUARDS FUNDAMENTAL TO WORLD PEACE AND SAID AGENCY MUST NOT SHRINK FROM RESPONSIBILITIES UNDER NPT. INDONESIA WAS STRONGLY OPPOSED TO SHARP INCREASE IN SAFEGUARDS BUDGET, NOT SO MUCH BECAUSE OF LACK OF BALANCE BETWEEN IT AND OTHER COMPONENTS OF REGULAR BUDGET AS BECAUSE PROGRAM COSTS WERE NOT EVOLVING IN EXPECTED DIRECTION; ITS HOPE AT TIME OF SAFEGUARDS COMMITTEE IN 1971 HAD BEEN THAT THESE COSTS WOULD BE APPORTIONED EQUITABLY AMONG MEMBERS OF AGENCY IN ACCORDANCE WITH THEIR DEGREE OF RESPONSIBILITY FOR SAFEGUARDING WORLD AGAINST NUCLEAR WEAPONS, AND ABILITY TO PAY, AND THIS HOPE HAD BEEN DISAPPOINTED. PRIME CAUSE OF THIS DRASTIC INCREASE WAS THAT SOME NWS HAD PLACED THEIR PEACEFUL NUCLEAR FACILITIES UNDER SAFEGUARDS, THUS INFLATING COSTS WHICH LDC'S MUST BEAR. USEFULNESS OF SUCH STEP WAS DOUBTFUL; IT DID NOT SERVE ORIGINAL PURPOSE OF SAFEGUARDS SYSTEM, BUT CREATED FALSE SENSE OF SECURITY. IF ALL NWS FOLLOWED SUIT, RESULTING BURDEN ON AGENCY WOULD BE SUCH AS TO RELEGATE ALL OTHER ACTIVITIES TO LOWEST POSSIBLE LEVEL OF PRIORITY. INDIA ALSO QUALIFIED ITS SUPPORT OF BUDGET WITH RESERVATION ABOUT FINANCING OF SAFEGUARDS; STAFF SHOULD BE HELD TO MINIMUM AND FULLY EMPLOYED, AND NATIONAL SYSTEMS OF SAFEGUARDS ACCOUNTING SHOULD ALSO BE STRENGTHENED. AGENCY ROLE SHOULD CONSIST ESSENTIALLY OF CHECKING ON EFFICIENCY AND RESULTS OF NATIONAL SYSTEM, WHICH WOULD NOT PLACE TOO HEAVY A BURDEN ON AGENCY. INDIA ALSO WONDERED, LIKE OTHERS, WHY AGENCY SHOULD BEAR COSTS OF SAFEGUARDING PEACEFUL NUCLEAR FACILITIES IN NWS; EXCHANGE OF VIEWS THIS SUBJECT MIGHT BE HELPFUL. CONSIDERING THAT TENFOLD GROWTH IN NUCLEAR ACTIVITIES IN ADVANCED COUNTRIES WAS EXPECTED, A REAPPRAISAL OF PRINCIPLE OF ASSESSMENT OF SAFEGUARDS COSTS WOULD BE VERY MUCH IN ORDER; A FAIR SOLUTION WOULD BE TO FREEZE

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PAGE 03 IAEA V 05617 02 OF 02 251131Z

ASSESSMENTS ON LDC'S AT 1971 LEVEL. COMMENT: WHILE INDIAN AND INDONESIAN COMMENTS MAY SIMPLY REFLECT HOSTILITY TO SAFEGUARDS FINANCING FORMULA WHICH HAS BEEN INCREASINGLY EVIDENT IN THEIR

PUBLIC STATEMENTS, SOME OF THESE COMMENTS ALSO SEEM BASED ON CERTAIN MISCONCEPTIONS OR MISUNDERSTANDINGS ABOUT US/UK VOLUNTARY OFFERS. MISSION INTENDS TO TAKE UP INDIAN SUGGESTION OF INFORMAL EXCHANGE OF VIEWS. END COMMENT.

4. DISCUSSION OF TARGET FOR VOLUNTARY CONTRIBUTIONS CAME TO PREDICTABLE CONCLUSION WITH FEW SURPRISES; LDC'S ONCE AGAIN ADVANCED ARGUMENTS THEY HAVE USED PREVIOUSLY IN FAVOR OF TARGET OF \$6-MILLION, BUT LET IT BE KNOWN INFORMALLY THAT THEY WOULD ACCEPT \$4.5-MILLION, WHICH SEVERAL ADVANCED STATES (E.G., UK, FRG, JAPAN) ALSO INDICATED THEY COULD ACCEPT. LDC'S AT ONE POINT ATTEMPTED TO INJECT CONCEPT THAT TARGET OF \$4.5-MILLION WAS ACCEPTABLE ONLY BASED ON EXPECTATION THAT GIFTS IN KIND DURING 1975 WOULD TOTAL AT LEAST \$1.5-MILLION, BUT MOST DONORS FIRMLY REJECTED ANY ATTEMPT TO IMPOSE ANY TARGET OR ADVANCE PLEDGING OF TOTAL AMOUNT OF ANNUAL GIFTS IN KIND, AND RECORD WOUND UP REFLECTING HOPE OF LDC'S THAT \$1.5 MILLION TOTAL FOR SUCH GIFTS WOULD, IN ACTUAL FACT, EMERGE DURING YEAR. US HAD INFORMED MANY DELS INFORMALLY THAT IF BOARD CHOSE TO RECOMMEND ANY TARGET IN EXCESS OF \$4-MILLION, WE WOULD NOT ATTEMPT TO BLOCK CONSENSUS TO THIS EFFECT BUT THAT WE WOULD INCLUDE IN RECORD SPECIFIC RESERVATION OUR POSITION AS TO CASH CONTRIBUTION AT BASE RATE OF ASSESSMENT APPLIED TO ANY TARGET OVER \$4-MILLION. LDC'S CHOSE INSTEAD TO HAVE THEIR TARGET, AND US MADE FORMAL STATEMENT (AS AUTHORIZED REFTEL) TO THIS EFFECT; DENMARK MADE SIMILAR STATEMENT FOR ESSENTIALLY SAME REASONS AS ADVANCED BY US.

5. BOARD CONCLUDED AGENDA ITEM BY RECOMMENDING TARGET OF \$4.5 MILLION, AND APPROVING REMAINDER OF PROGRAM AND BUDGET AS PRESENTED EXCEPT FOR DECISIONS REPORTED SEPTTEL RELATING TO NUCLEAR SAFETY PROGRAM TEXT. PORTER

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